

PSJ3

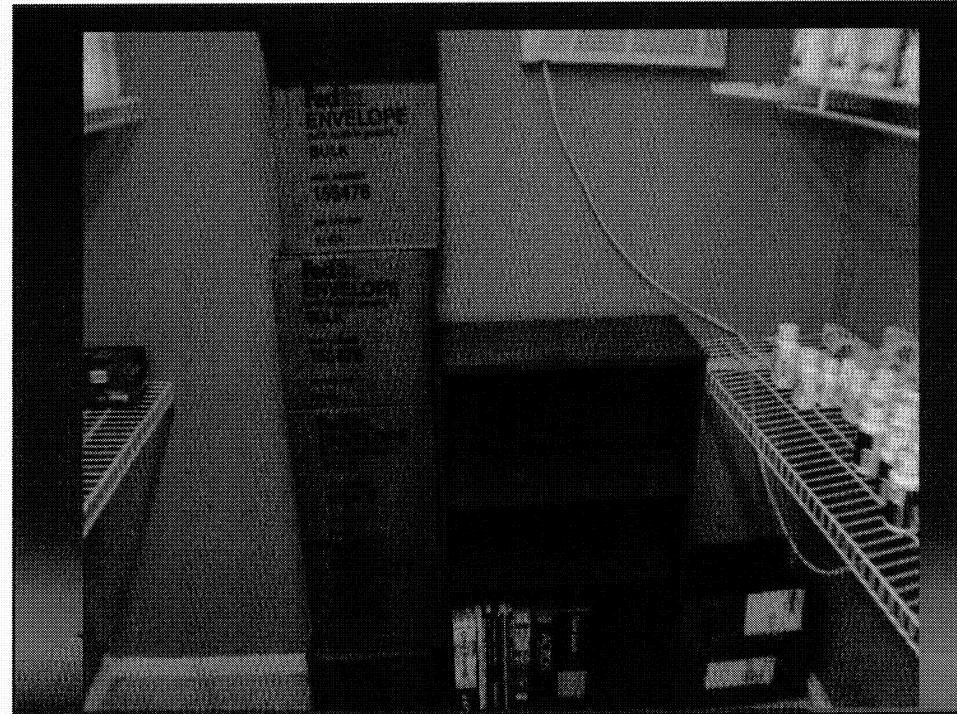
Exhibit 213B

## Example #2

- Retail Pharmacy
  - Location of store
  - Only Hydrocodone and Alprazolam
  - Very large quantities
  - FedEx boxes for delivery

### ANOTHER PHARMACY





### Example #3

- Advised Distributor they are an Internet Pharmacy
- No VIPPS approval
- Frequent Large Orders
- Hydrocodone and Benzodiazepines
- 99% controlled substances
- No established business credit

## AN INTERNET PHARMACY



## SUMMARY

- Prescriptions not written in the usual course of professional practice are not valid
- Drugs dispensed pursuant to invalid prescriptions are not for legitimate medical purpose, the drugs are diverted
- Not limited to Internet pharmacies

## SUMMARY

- A pattern of drugs being distributed to pharmacies who are diverting controlled substances demonstrates the lack of effective controls against diversion by the distributor
- The DEA registration of the distributor could be revoked under public interest grounds

## SUMMARY

- Any Distributor who is selling controlled substances that are being dispensed outside the course of professional practice must stop immediately
- DEA cannot guarantee that past failure to maintain effective controls against diversion will not result in action against a distributor

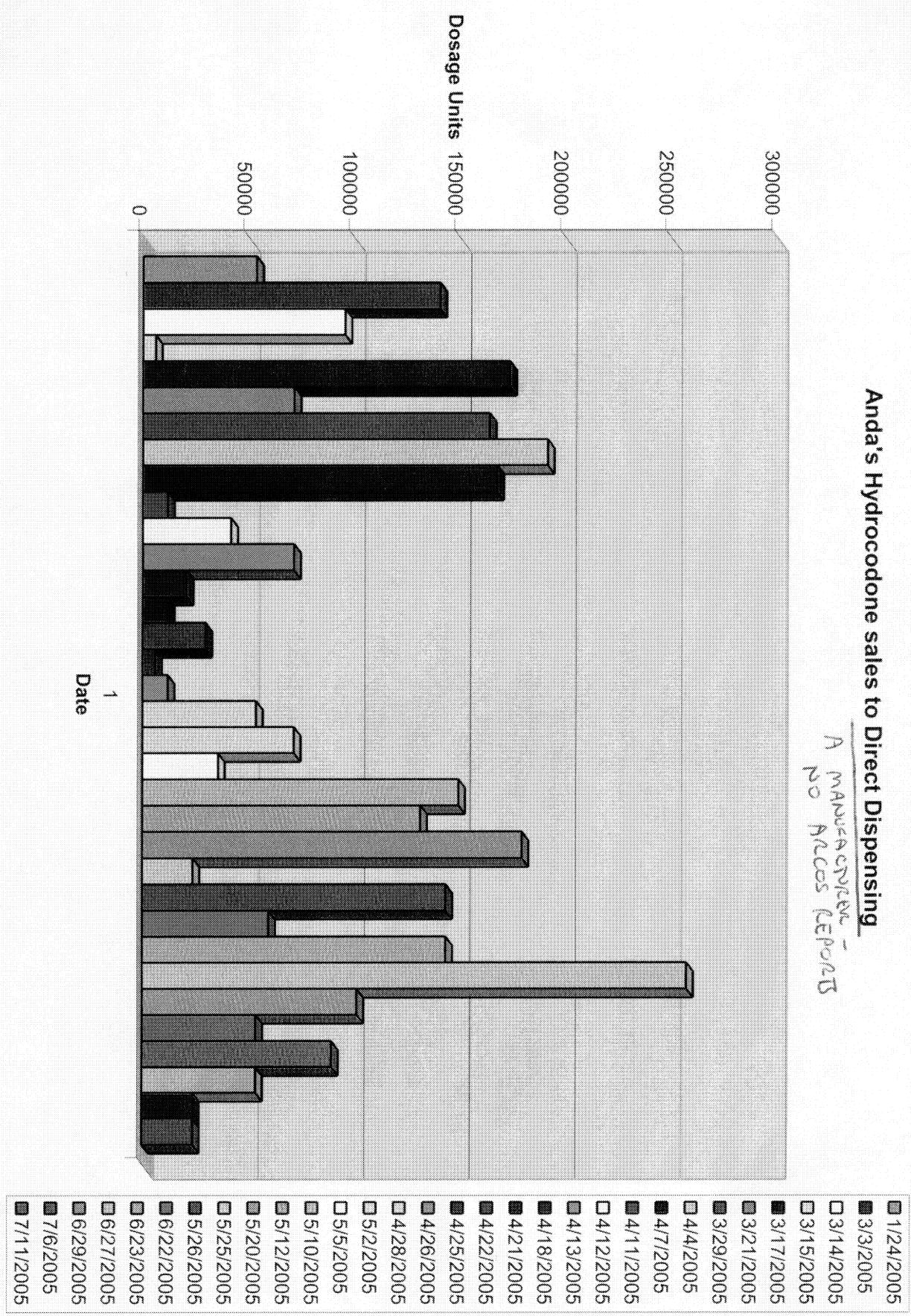
## SUMMARY

- **DEA will:**
  - Meet with other distributors involved in distributing to Internet pharmacies
  - Provide this information to your employees at your request
  - Meet with Industry groups or associations to discuss issue if requested

## Contact Information

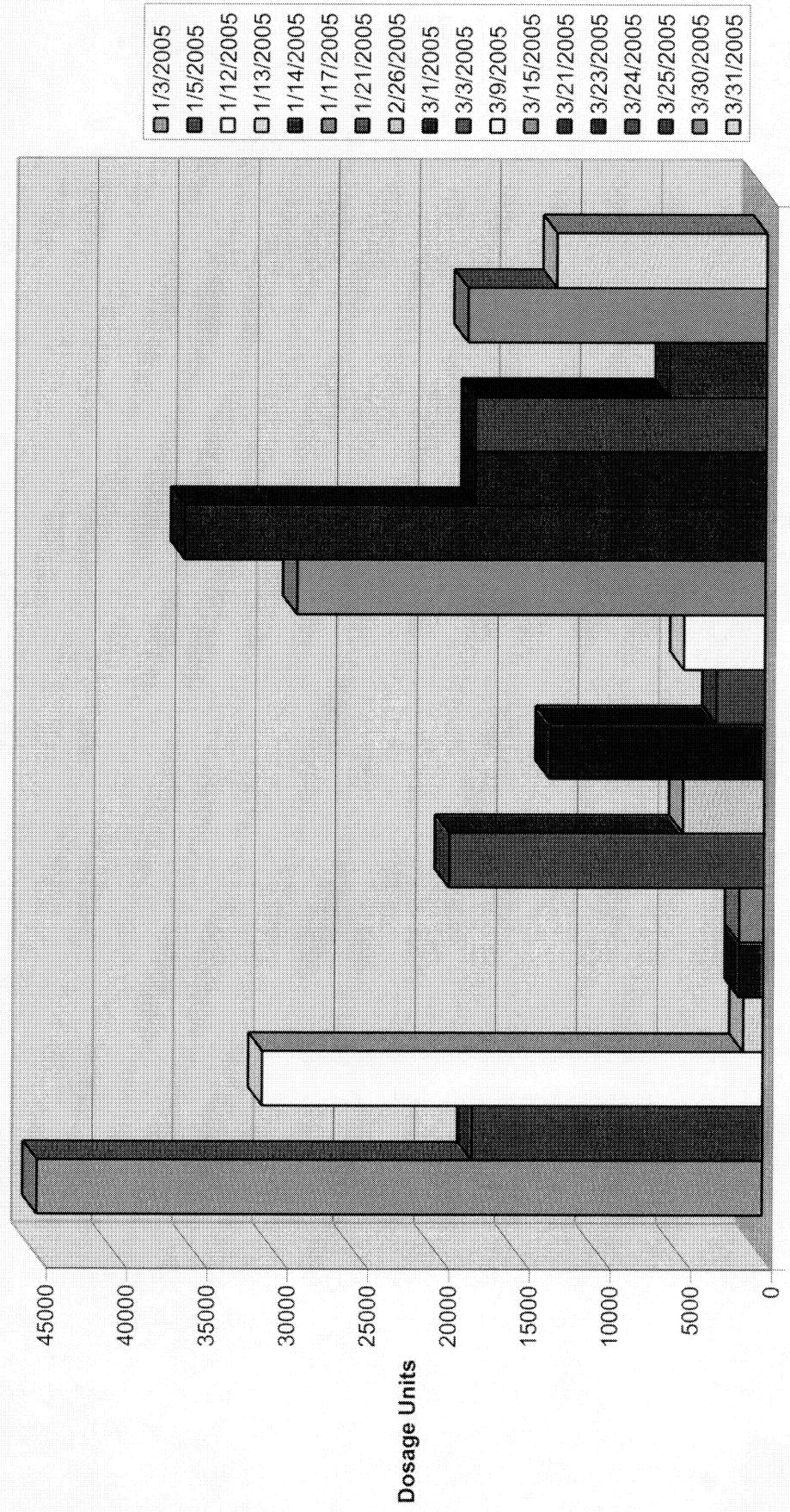
Michael Mapes  
Chief, E-Commerce Section  
703-653-2048

Kyle Wright  
Chief, E-Commerce Operations Unit  
703-653-2103



Direct Dispensing purchased 2,888,500 dosage units of Hydrocodone from ANDA from 1-24-05 through 6-29-05. There are no ARCCOS sales records from Direct Dispensing

Anda's Hydrocodone sales to Hollywood Pharmacy

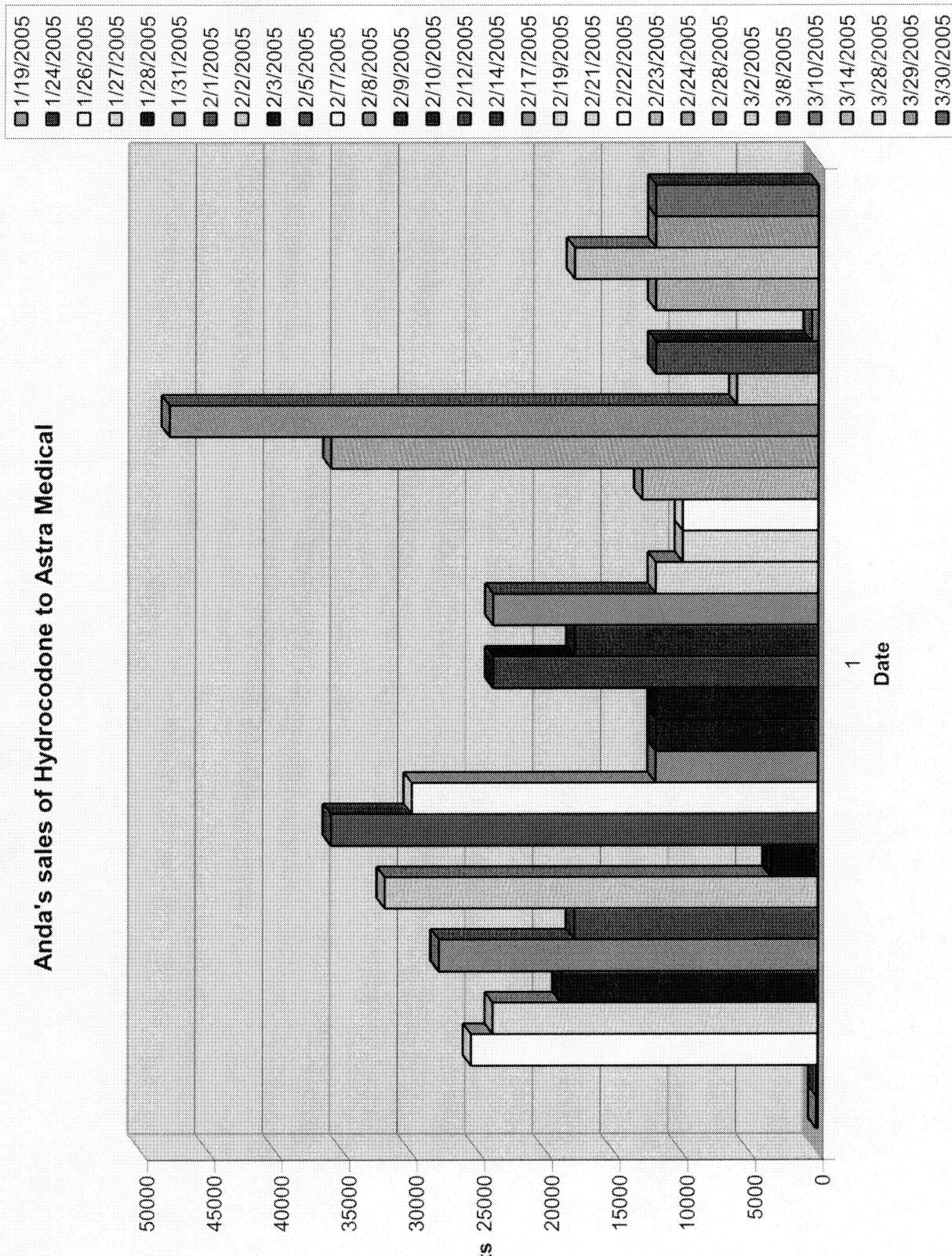


Total sales from 1-3-05 through 3-31-05 equals 282,000 dosage units

Anda's Hydrocodone sales to Prescription RX

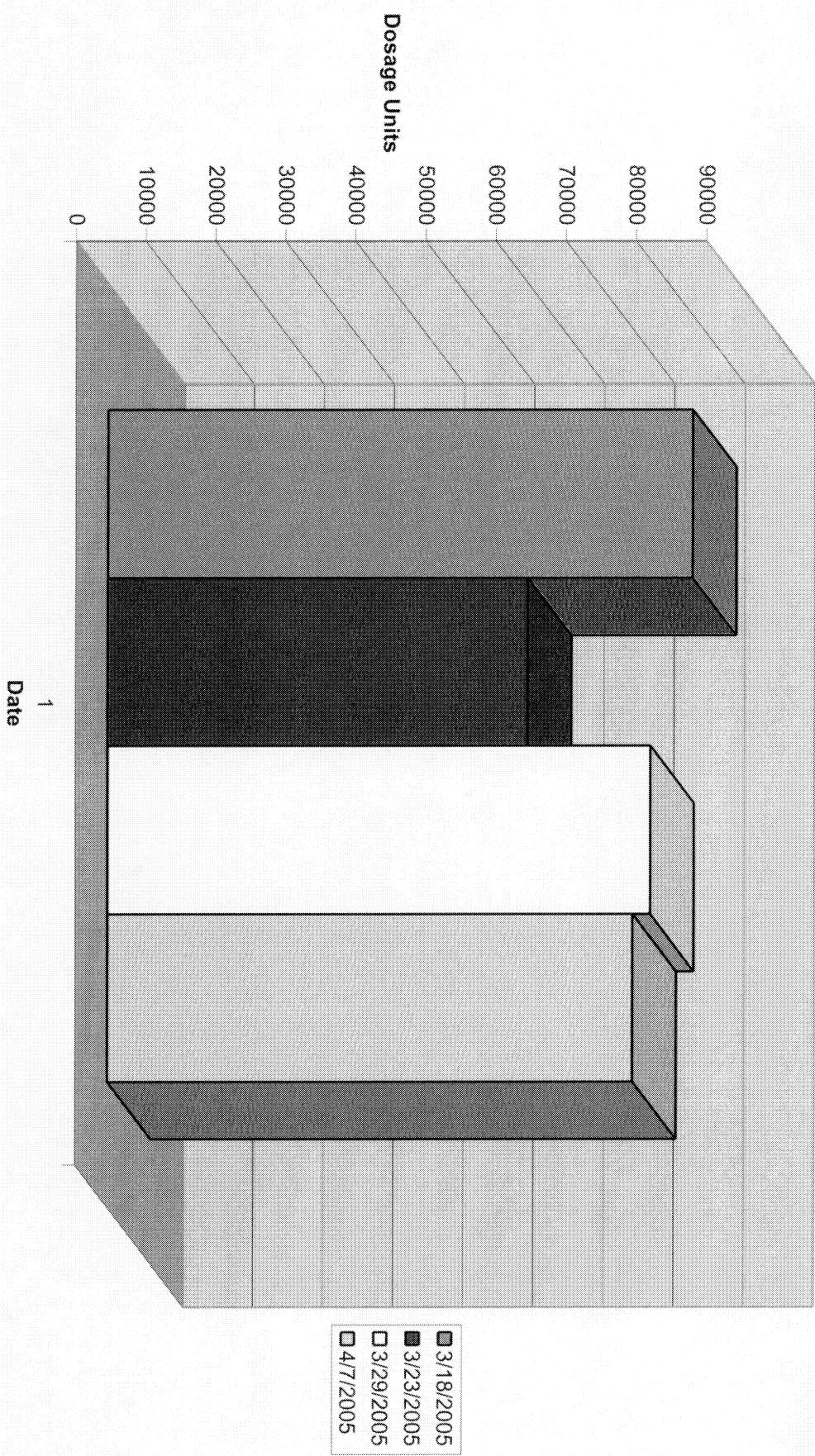


Total sales from 1/7/05 through 3/28-05 equals 489,000 dosages units



Total sales from 2-1-05 through 3-30-05 equals 519,800 Dosage Units

Anda's sales of Hydrocodone to Barbie's Pharmacy



Total sales from 3-18-05 through 4-7-05 equals 296,000 Dosage Units



# Memorandum

Subject	Date
Distributor Initiative Meeting with Watson Pharmaceuticals Inc., and Anda Inc., on August 23, 2007. (DFN: 060-06.05)	SEP 18 2007

To

Joseph T. Rannazzisi  
Deputy Assistant Administrator  
Office of Diversion Control

From *Michael Mapes*

Michael R. Mapes, Chief  
Regulatory Section (ODG)  
Office of Diversion Control

On August 23, 2007, a meeting was held at the Office of Diversion Control conference room between the DEA, Watson Pharmaceuticals and their subsidiary Anda, Inc. Representing Watson and Anda were the following individuals; Tracey Hernandez, Director, Corp. Controlled Substance Compliance, Watson Laboratories; Diane Miranda, Vice President, Watson Pharma, Inc.; Albert Paonessa, COO, Anda Inc.; and Michael Cochrane, Director Regulatory compliance, Anda Inc. Representing the DEA Office of Diversion Control were the following individuals; Michael R. Mapes, Chief, Regulatory Section; Kyle J. Wright, Staff Coordinator, Operations Section; Lisa D. Sullivan, Staff Coordinator, Operations Section; Barbara McGrath, Diversion Program Manager, Miami Division; Dawn Valerie Mitchell, Diversion Investigator, Columbus, Ohio. The purpose of the meeting was to address the questionable distribution practices of controlled substances by Anda Inc. Anda Inc., has facilities in Weston, Florida and Groveport, Ohio.

Mr. Mapes opened the meeting by presenting to representatives of Watson Inc., and Anda Inc., a power point presentation that explained the common characteristics of Internet pharmacies and why their activities are illegal. This presentation had previously been presented to representatives of Anda Inc., on September 10, 2005. Watson recently acquired Anda Inc., and as such now shares management responsibility in decisions that Anda Inc., makes. Specifically reviewed were the following:

- Supreme Court Cases and Immediate Suspension orders of Internet pharmacies.
- Establishing the medical need necessity for a prescription to be legal.
- The DEA Internet Policy.
- Verified Internet Pharmacy Practice Sites (VIPPS).
- Policies published by the American Medical Association (AMA) and the Federation of State Medical Boards (FSMB).
- Review of the suspicious order requirements Title 21, Code of Federal Regulations.
- Common practices and ordering patterns of Internet pharmacies.
- Examples of two Internet pharmacies highlighting the activity of Internet pharmacies.
- Recent action by the DEA to suspend or revoke controlled substances licenses of distributors and pharmacy that continue to divert controlled substances to the illegal markets.

After the presentation, Mr. Mapes presented six charts of current Anda Inc., customers which had suspicious ordering patterns or quantities. Mr. Paonessa stated that as of mid July 2007, Anda Inc., had rewritten the program used in their warehouse management system to identify all orders of controlled substances by chemical or family name i.e. hydrocodone as opposed to Stock Keeping Unit (SKU) numbers i.e. Watson brand Vicodin. Previously Anda Inc., was tracking orders by SKU numbers and as a result was not able to identify when their customers were ordering large quantities of products from the same chemical family. Anda Inc., has also begun tracking by customer DEA registration number so that their customers will not be able to exceed set dosage units limits by purchasing from both locations.

Mr. Mapes explained to the representatives of Watson and Anda the suspicious order reporting requirements that are addressed in the Code of Federal Regulations. Mr. Mapes requested that Anda Inc., voluntarily submit on a daily basis all controlled substances distributed using an ARCOS string submission to the DEA. Additionally, it was requested that suspicious orders be reported in the same manner. Mr. Paonessa believed that the daily transactions could be done in a reasonable amount of time however the suspicious order submissions would require some program review and would take longer.

The representatives for Watson Inc., and Anda Inc., were informed that while they appear to have taken measures to prevent the illegal distribution of controlled substances they were still accountable for previous distribution activities. The meeting between Watson Pharmaceuticals, Inc., Anda Inc., and DEA was ended at this time.

Attachments:

1. Briefing Binder
2. Charts of Anda Inc. Customers

cc: Denise Curry, OD/D  
DPM Barbara McGrath, Miami Division  
DPM James Geldolf, Detroit Division